

**Department of Health and Human Services
Health Care Financing Administration
Operational Policy Letter 115
OPL 2000.115**

Date: February 24, 2000

To: Medicare+Choice Organizations (M+CO)

Subject: Requirements to Support the Reconciliation of Payments to Managed Care Organizations (MCO) for their Hospice Members

Effective Date: February 24, 2000

Note: This OPL applies to active M+COs and to M+COs that terminated at the end of 1999.

Background:

The Balanced Budget Act of 1997 (BBA) mandated the reporting of Adjusted Community Rate (ACR) data for each Plan Benefit Package (Plan) that a M+CO offers. Even though M+COs are reimbursed at the contract-type level based on each member's calculated payment rate for your total membership, some differences in the approved ACR hospice rates at the plan level could cause payment impacts. When a M+CO member elects hospice coverage, the hospice is reimbursed directly for hospice-related care. Non-hospice-related care is reimbursed by the Medicare fee-for-service carriers and intermediaries. The Health Care Financing Administration (HCFA) may capitate you for your hospice members if additional coverage over and above Medicare is provided by the M+CO in the plan benefit package elected by your member. If not, the M+CO hospice capitation rate will be zero. As each M+CO can offer multiple plans and hospice rates can differ from plan to plan, there needs to be the ability to capitate members at different rates under the same contract.

Currently, HCFA's managed care system can only capitate members at the rate associated with one plan offered by an M+CO. Until modifications can be made to handle multiple rates per contract, HCFA policy mandates that the lowest parts A/B hospice rate be used for payment purposes. As a result, M+COs will be underpaid for their hospice members enrolled in plans with higher hospice rates, as was the case in 1999. To address this situation, HCFA will conduct annual reconciliations to adjust payments made to impacted M+COs until the system can be updated.

Health Plan Management System (HPMS)

HPMS is a data collection and maintenance system that, when fully developed and deployed, will house all MCO and plan-related information. Access is via the Medicare Data Communications Network (MDCN) maintained by AT&T Global Services (AGS) to support telecommunications between HCFA and its contractors. MCOs are required to establish connectivity to this network in order to transmit any data to HCFA. See OPL99.092 - Telecommunications Requirements: Migration of Medicare Managed Care Organizations (MCOs) to the Medicare Data Communications Network and the Replacement of the RLINK Software and OPL99.101 - Migration of Medicare Managed Care Organizations (MCOs) to the Medicare Data Communications Network (MDCN) for Health Plan Management System (HPMS) Access, for information on establishing connectivity.

The contract year (CY) 1999 ACR that you submitted for each of the plans offered by your M+CO is available in the HPMS. As this system already contains hospice rate information for your plans, the collection of related hospice membership data will occur by the same vehicle. You may need to establish access to HPMS if you do not currently have such access. Refer to the Contact Information section at the end of this OPL for individuals to call to initiate this process; i.e., to obtain AGS MDCN and/or HCFA User Ids and Passwords.

Withdrawing M+COs

M+COs that withdrew from their Medicare contract at the end of 1999 are still required to submit hospice information for their plans for 1999 to HCFA. Access to HPMS for these M+COs will be maintained until the end of the 1999 data collection period (May 30, 2000) for this purpose. Failure to comply with this requirement will prevent HCFA from making a final payment reconciliation to your M+CO.

Hospice Reconciliation Process

The reconciliation process described in this OPL will be utilized beginning with CY1999 and will continue until HCFA's managed care systems are modified to allow capitation of hospice members at the rate applicable to their plan.

M+COs are required to submit to HPMS aggregate membership information for each of their plans. This submittal will occur on a retroactive basis at the end of CY1999 and CY2000. Based on the data you submit and the hospice rate information contained in HPMS, an annual payment amount will be computed for each plan. These plan amounts will be rolled up to produce a total member month per plan payment amount to the M+CO at the contract level.

Prior to determining the final adjustment amount, CY payments already made to M+COs for their hospice members will be deducted. A hospice adjustment payment will then be made to reflect the additional amount due you for hospice members enrolled in plans with higher hospice capitation rates.

Data Submittal Requirements

Data submittal will occur directly through the web-based functionality of HPMS. Based on the plan information related to your M+CO, screens will be created to allow input of membership data. Edits will be applied to ensure the completeness, accuracy and security of the information.

M+COs are to submit this information via the Hospice Rate Reconciliation module in HPMS. A chart has been created for each plan that you offer under your Medicare contract. For each month of the calendar year, input;

- (1) the total number of Medicare beneficiaries enrolled in the plan that month **and**
- (2) the total number of Medicare beneficiaries electing hospice coverage , as identified on your Monthly Membership Report, enrolled in the plan.

HPMS will merge this membership data with the associated hospice rate data. This information will then be provided to HCFA's managed care payment system for calculation of the reconciliation amounts.

You are required to submit data for each of your plans. Missing data will not allow us to complete your reconciliation. Since HCFA has paid you at the lowest approved hospice rate for you plans, failure to submit this information will mean an underpayment to your M+CO.

Due Dates

The Hospice Rate Reconciliation module will be available March 1, 2000. M+COs will have from March 1 - May 30, 2000 to input their CY1999 information. On June 1, the database will be frozen and no additional updates will be allowed. Only data received prior to June 1 will be utilized in the hospice reconciliation. It is expected that M+COs will receive their adjustments as interim payments during July and August 2000. (No consideration will be given to complete a reconciliation of your hospice payments after the May 30, 2000 deadline has passed for data entry.)

For CY2000, M+COs may begin inputting their hospice membership data January 2001. The data collection period will be January 1 - March 31, 2001. It is expected that M+COs will receive their adjustments as interim payments during May and June 2001. You may receive updated instructions for CY2001.

Contact Information

If you have questions about the information presented in this OPL, please contact Kim Miegel on 410-786-3311.

If you require a HCFA User ID and Password to access HPMS, please contact Don Freeburger on 410-786-4586.

If you require an AGS User ID and Password to access the MDCN, please contact the AGS Help Desk on 1-800-905-2069.

If you have questions about accessing the Hospice Rate Reconciliation module in HPMS and/or inputting your hospice data, please contact the HPMS Help Desk on 1-800-220-2028.

This OPL was prepared by the Center for Health Plans and Providers.